

Consumer segmentation research

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Not all legal journeys are the same so adopting a one-size fits all approach to improving access to justice is unlikely to work for everyone. Consumer segmentation is the process of organising consumers into groups or segments based on certain qualities that they share. This provides a better understanding of consumers' needs, allowing initiatives and services to be tailored to specific segments.

Many of the existing research frameworks for the legal market have grouped consumers based on their legal issue or demographic variables such as age. However, such approaches might provide limited insights as, for example, not all consumers of a specific legal service and/or in a particular age band have the same requirements or preferences.

We wanted to explore a different approach to segmenting legal consumers to test whether there are more reliable distinctions. Better understanding different consumers' needs can inform our regulatory approach.

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The research

We commissioned Bayes Business School to conduct five research phases, each one building on the findings of the previous phase. An outline of each phase is listed below. The individual reports for each phase give more detail on the methods and findings. The key findings are in Bayes Business School's overall research report below.

Phases of research

Phase one: [#download] Comprehensively examine and organise existing frameworks used to segment the supply and demand of legal services in England and Wales.

Phase two: [#download] Conduct an in-depth qualitative study to assess individual and small business consumers' legal needs and experiences.

Phase three: [#download] Develop a segmentation framework to classify consumers based on their attitudes, preferences, and behavioural tendencies towards legal services. This phase segments consumers based on how much they value various aspects of legal services provision as well as their preferences for each aspect. It provides the first value-based segmentation of the legal market conducted in England and Wales.

Phase four: [download] Examine Black, Asian and minority ethnic consumers' and lower socio-economic status consumers' understanding of, attitudes toward and barriers to accessing legal services.

Phase five [download] : Test potential policy interventions designed to improve the way individual consumers in England and Wales perceive their legal needs and access legal services.

Main findings

This research has identified that:

- There are distinct segments of consumers according to their preferences for different aspects of legal service provision, but the segments cannot be defined by their demographics or type of legal need.
- Service providers' perceptions of their accessibility and approachability are different to consumers' perceptions.
 - For instance, many legal services providers believe that their communications are clear and effective, but most consumers disagree.
- There is a wide range of barriers to using legal services and consumers often experience a sense of vulnerability after realising they need legal services.
 - This is largely because many do not know very much about legal processes and providers, and might have assumptions about it being too expensive.
 - Respondents' socioeconomic background more strongly affects their legal experiences, barriers, attitudes and behaviours than their ethnicity does.
- More information about the legal system can reduce people's legal anxiety, empower them and boost their confidence in legal processes and providers.

This study looked at which parts of legal service provision ('service attributes') consumers consider important. It focused on pricing models, specialisms, service delivery methods, speed of service, approachability, and frequency of progress updates. It then identified the combinations of these service attributes that different groups of consumers prefer.

The study found that:

- People's preferences do not differ substantially between specific legal issues. Instead, within each area of law, distinct segments were found of consumers with differing service preferences.
- However, there are some minor differences in people's preferences when you compare more broadly between issues that are transactional (eg conveyancing or commercial property) or contentious (eg employment or housing). For instance, consumers needing legal help with transactional



issues are more likely to prefer online provision over face to face, whereas the opposite is generally true for more contentious legal issues.

- There were no clear differences in consumers' preferences for different service attributes when segmented by demographic characteristics.

This means that we cannot assume that everyone with a similar legal need or with similar demographic characteristics will prefer a certain method of service delivery, pricing model or speed of service.

Instead, some consumers consider all service attributes as equally important and others weigh some as more important than others. Different legal service offerings are therefore useful to encourage people's use of legal professionals.

However, all consumers said it was important for legal service providers to:

- be approachable
- explain the process and jargon clearly.

Lower socio-economic status respondents are less likely to recognise a legal need and to seek help for that need, meaning that they are more vulnerable in their ability to gain access to justice. This was largely due to a lower sense of legal empowerment and higher anxiety around needing and using legal services. Although respondents' ethnicity effected some of their legal experiences and attitudes, their socio-economic status had a much stronger effect on many more of their experiences, attitudes and behaviours.

The policy interventions we tested gave different types of information to people. These reduced people's anxiety about the legal process and increased the likelihood of them using legal information sources and legal services.

We found that barriers to accessing legal services were reduced by explaining:

- what issues legal service providers can help with
- how to find help
- different options for paying for help.

Our next steps

This research shows that people highly value approachability and clear explanations, and this is likely to improve access to legal services.

We are therefore taking the findings of the research into account in considering the next steps of our Transparency Rules. These already require firms to publish specified information about the scope and cost of legal services, and about complaints and regulated status.

We will also consider how we and others could mitigate people's vulnerability and anxieties when needing legal help.

Downloads

- Final report: Consumer Segmentation of the Legal Services Market in England and Wales (PDF 39 pages, 565KB)
[<https://www.sra.org.uk/globalassets/documents/sra/research/consumer-segmentation-of-the-legal-services-market-in-england-and-wales---final-report.pdf?version=4a5d31>]
- Phase one: Systematisation of Segmentation Frameworks for Legal Services in England and Wales (PDF 89 pages, 1.1MB)
[<https://www.sra.org.uk/globalassets/documents/sra/research/phase-one---systematisation-of-segmentation-frameworks-for-legal-services-in-england-and-wales.pdf?version=4a5d31>]
- Phase two: In-depth understanding of the legal journey for individual consumers and small businesses (PDF 60 pages, 1.1MB)
[<https://www.sra.org.uk/globalassets/documents/sra/research/phase-two---in-depth-understanding-of-the-legal-journey-for-individual-consumers-and-small-businesses.pdf?version=4a5d31>]
- Phase three: A Value-Based Segmentation of the Legal Services Market in England and Wales (PDF 51 pages, 1.2MB)
[<https://www.sra.org.uk/globalassets/documents/sra/research/phase-three---a-value-based-segmentation-of-the-legal-services-market-in-england-and-wales.pdf?version=4a5d31>]
- Phase four: Ethnicity and Socioeconomic Status as Sources of Vulnerability in the Legal Services Market (PDF 76 pages, 1MB)
[<https://www.sra.org.uk/globalassets/documents/sra/research/phase-four---ethnicity-and-socioeconomic-status-as-sources-of-vulnerability-in-the-legal-services-market.pdf?version=4a5d31>]
- Phase five: Legal Education and Empowerment Interventions to Improve Low-SES Consumers' Access to Justice (PDF 74 pages, 1.7MB)
[<https://www.sra.org.uk/globalassets/documents/sra/research/phase-five---legal-education-and-empowerment-interventions-to-improve-low-ses-consumers-access-to-justice.pdf?version=4a5d31>]